<u>REMARKS</u>

This application has been carefully reviewed in light of the Office Action dated August 25, 2005. Claims 1 to 16 are in the application, of which Claims 1, 4, 5, 6, 8, 10, 11, 14, 15 and 16 are independent. Reconsideration and further examination are respectfully requested.

Claims 1 to 7 were rejected under 35 U.S.C. § 102(e) over U.S. Patent No. 6,754,822 (Zhao '822); Claims 15 and 16 were rejected under 35 U.S.C. § 102(e) over U.S. Patent No. 6,141,753 (Zhao '753); and Claims 8 to 14 were rejected under 35 U.S.C. § 103(a) over Zhao '822 in view of U.S. Patent No. 6,067,582 (Smith). The rejections are respectfully traversed.

Independent Claim 1 defines an inspection method for inspecting information stored in terminals that are included in a network. The method comprise the step of using a program module which moves between the terminals and determines, by using a public key digital watermarking method, whether a digital watermark is embedded in the information. The public key digital watermarking method comprises decoding the information using error correction coding such that the embedded digital watermark is recovered from the information.

The Office Action asserts that Zhao '822 discloses (1) using public/private key cryptography (column 5, lines 31 to 52), and (2) agents having public/private keys to send encrypted messages (column 18, lines 5 to 50). The Office Action further asserts that (1) and (2) disclose a public key digital watermarking method. (See the Office Action at page 10). However, the mere use of public/private keys is not seen to disclose or to

- 9 -

suggest a public key digital watermarking method as claimed, and in particular, a method which comprises decoding the information using error correction coding such that the embedded digital watermark is recovered from the information..

The remaining references are not seen to add anything that, either alone or in combination with Zhao '822, would have disclosed or suggested the foregoing features of the invention. Accordingly, independent Claim 1 is believed to be allowable.

Similarly, independent Claims 4, 5, 6, 8, 10, 11, 14, 15 and 16 are system, medium, and method claims that have been amended to substantially include decoding information using error correction coding such that embedded information is recovered from the information. Accordingly, Claims 4, 5, 6, 8, 10, 11, 14, 15 and 16 are also believed to be allowable.

The other claims in the application are dependent from the independent claims discussed above and therefore are believed to be allowable over the applied references for at least the same reasons. Because each dependent claim is deemed to define an additional aspect of the invention, however, the individual consideration of each on its own merits is respectfully requested.

In view of the foregoing amendment and remarks, the entire application is believed to be in condition for allowance and such action is respectfully requested at the Examiner's earliest convenience.

Applicant's undersigned attorney may be reached in our Costa Mesa, California office at (714) 540-8700. All correspondence should continue to be directed to our below-listed address.

Respectfully submitted,

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